

# Audit Report

Ingham County Health Department  
WIC & Family Planning Programs

October 1, 2012 – September 30, 2013



Office of Audit  
Quality Assurance and Review  
September 2014



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH  
OFFICE OF AUDIT  
400 S. PINE; LANSING, MI 48933

JAMES K. HAVEMAN  
DIRECTOR

September 10, 2014

Linda Vail, MPA, Health Officer  
Ingham County Health Department  
5303 S. Cedar St.  
Lansing, MI 48909

Dear Ms. Vail:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the WIC and Family Planning Programs for the period October 1, 2012 through September 30, 2013.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions, findings and recommendations; Statements of MDCH Grant Program Revenues and Expenditures; and Corrective Action Plans. The conclusions and findings are organized by audit objective. The Corrective Action Plans include the agency's paraphrased response to the Preliminary Analysis and the Office of Audit's response to those comments where necessary.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

A handwritten signature in cursive script, reading "Debra S. Hallenbeck".

Debra S. Hallenbeck, Manager  
Quality Assurance and Review  
Office of Audit

Enclosure

cc: Pam Myers, Director, Office of Audit  
Stan Bien, Director, WIC Program  
Paulette Dobynes Dunbar, Manager, Division of Family and Community Health  
Jeanette Lightning, Manager, Reproductive Health Unit  
Steve Utter, Financial Analyst, Division of Family and Community Health

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## **DESCRIPTION OF AGENCY**

The Ingham County Health Department (Health Department) is governed under the Public Health Code, Act 368 of 1978. The Health Department is a Special Revenue Fund of Ingham County, which is the reporting entity, and the administrative office is located in Lansing, Michigan. The Health Department operates under the legal supervision and control of the Board of Health, which is comprised of commissioners of Ingham County. The Health Department provides community health program services to the residents of Ingham County. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, BCCCP, Immunizations, General Communicable Disease Control, Childhood Lead Poisoning Prevention, Sexually Transmitted Disease Control, AIDS/HIV Prevention, Women Infant and Children Supplemental Food Program, Bioterrorism/Emergency Preparedness, Tobacco Reduction, Medicaid Outreach, and Family Planning Program.

## **FUNDING METHODOLOGY**

The Health Department services are funded from local appropriations, fees and collections, and grant programs administered through the Michigan Department of Community Health (MDCH), which consist of federal and state funds. MDCH provides the Health Department with grant funding monthly based on Financial Status Reports in accordance with the terms and conditions of each grant agreement and budget.

The Family Planning Program was funded by MDCH Grant Funds, First and Third Party Fees and Collections, Local and Other Revenue. Grant funding from MDCH for the Family Planning Program is federal funding under federal catalog number 93.217, and is subject to performance requirements. That is, reimbursement from MDCH is based upon the understanding that a certain level of performance (measured in caseload established by MDCH) must be met in order to receive full reimbursement of costs (net of program income and other earmarked sources) up to the contracted amount of grant funds prior to any utilization of local funds.

The WIC and WIC Breastfeeding Programs were funded by MDCH Grant Funds and Other Local Funds. Grant funding from MDCH for WIC Programs is federal funding under federal catalog number 10.557, and is subject to performance requirements.

## **PURPOSE AND OBJECTIVES**

The purpose of this audit was to assess the Family Planning Program and WIC Program internal controls and financial reporting, and to determine the MDCH shares of Family Planning Program and WIC Program costs. The following were the specific objectives of the audit:

1. To assess the Health Department's effectiveness in establishing and implementing internal controls over the Family Planning Program and WIC Program.
2. To assess the Health Department's effectiveness in reporting their Family Planning Program and WIC Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH shares of cost for the Family Planning Program and WIC Program in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

## **SCOPE AND METHODOLOGY**

We examined the Health Department's records and activities for the fiscal period October 1, 2012 to September 30, 2013. Our review procedures included the following:

- Reviewed the most recent Ingham County Single Audit report for any Family Planning Program or WIC Program concerns.
- Reviewed the completed internal control questionnaire.
- Reconciled the Family Planning Program and WIC Program Financial Status Reports (FSR) to the accounting records.
- Reviewed a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance and adherence to policy and approval procedures.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed building space cost for proper reporting and compliance with Federal requirements.
- Reviewed Family Planning Medical Supply inventory controls.
- Reviewed Family Planning billing and collection of fees, and collection of donations.

Our audit did not include a review of program content or quality of services provided.

## **CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

### **INTERNAL CONTROLS**

**Objective 1:** To assess the Health Department's effectiveness in establishing and implementing internal controls over the Family Planning Program and WIC Program.

**Conclusion:** The Health Department was generally effective in establishing and implementing internal controls over the Family Planning Program and WIC Program. However, we noted that the Health Department has not conducted a recent cost analysis in establishing Family Planning Program fees (Finding #1), and Family Planning Program clients were not appropriately charged according to the sliding fee scale (Finding #2).

## **Finding**

### **1. Lack of a Recent Cost Analysis for Establishing Family Planning Program Fees**

The Health Department did not use a recent cost analysis to develop their fee schedule for Family Planning Program Services.

According to the Michigan Department of Community Health Title X Family Planning Standards and Guidelines, Section 6.3.1.B,

*Delegate agencies must develop a process which utilizes a recent cost analysis of all services provided by the project to develop a fee schedule designed to recover the reasonable costs of providing services. To be recent, a cost analysis should be conducted within three years, or within one year following major changes to the program.*

## **Recommendation**

We recommend that the Health Department conduct a cost analysis at least once every three years, and use the analysis to establish fees to ensure recovery of the reasonable costs of providing services.

## **Finding**

### **2. Not Charging Family Planning Clients According to the Sliding Fee Scale**

The Health Department did not always charge their clients according to the sliding fee scale as required by Title X.

Title X regulations at 42CFR59.5 (a) state, in part:

*...Each project supported under this part must:*

*...(8) Provide that charges will be made for services to persons other than those from low-income families in accordance with a fee schedule of discounts based on ability to pay....*

MDCH Title X Family Planning Standards and Guidelines, Section 6.3.1, states, in part:

*C. A schedule of discounts must be developed and implemented...*

*J. Bills to clients must show total charges less any allowable discounts...*

In a sample of 24 encounters, we noted 10 instances where the client was not charged the correct amount according to the sliding fee scale.

## **Recommendation**

We recommend that the Health Department provide training to employees on charging clients appropriately according to the sliding fee scale, and implement review procedures to ensure compliance.

## **FINANCIAL REPORTING**

**Objective 2:** To assess the Health Department's effectiveness in reporting their Family Planning Program and WIC Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles.

**Conclusion:** The Health Department was not effective in reporting their Family Planning Program and WIC Program financial activity to MDCH in accordance with applicable Department of Community Health requirements and agreements, applicable federal standards, and generally accepted accounting principles. Numerous exceptions were noted as follows: Expenditures were misclassified and final expenditures according to the general ledger were not reported for the WIC program (Finding #3), space costs were overstated (Finding #4), a capital improvement project was directly expensed rather than depreciated (Finding #5), County internal service fund working capital reserves exceed allowable amounts indicating overcharges to Federal awards (Finding #6), and salary and wage distributions were not documented in accordance with Federal cost principles (Finding #7).

### **Finding**

#### **3. WIC Financial Status Report (FSR) Errors**

The Health Department did not include all of their final expenses on the WIC FSR, did not include a salary offset on the WIC FSR, and misclassified costs on the WIC FSR.

The Health Department's contract with MDCH, Part II, Section IV. D. Financial Status Report Submission, requires the Health Department to prepare the FSR in accordance with the Department's FSR instructions and to report total actual program expenditures. The FSR Instructions require the reporting of all expenditures and revenues for the particular program in specific line item categories.

The Health Department filed their WIC FSR before the books closed and therefore did not capture all of the accounting entries within WIC. As a result, the FSR did not include entries for an office equipment allocation (\$29,771), network maintenance service charges (\$1,901), and an offsetting entry to salaries (\$1,667). Additionally, over \$32,000 in fringes were misclassified as salaries.

Adjusting entries are shown on the attached Statements of MDCH Grant Program Revenues and Expenditures.

### **Recommendation**

We recommend that the Health Department adopt policies and procedures to ensure compliance with the MDCH Contract and accurately report total actual costs on the FSR.

## **Finding**

### **4. Overstated Space Costs**

The Health Department's rental payments to the County do not represent actual underlying costs resulting in overstated space costs.

According to OMB Circular A-87, Appendix B, Section 37.c.:

*Rental costs under "less-than-arm's-length" leases are allowable only up to the amount [this amount would include expenses such as depreciation or use allowance, maintenance, taxes, and insurance] that would be allowed had title to the property vested in the governmental unit. For this purpose, a "less-than-arm's-length" lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other.*

According to OMB Circular A-87, Appendix A, Section D. Composition of Cost:

*The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.*

According to OMB Circular A-87, Appendix B, Section 15.b.(3):

*Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost, except with the prior approval of the awarding agency.*

OMB Circular A-87, Appendix B, Section 11.a. provides for the means of receiving compensation for the use of fixed assets, which is through depreciation or use allowances as follows:

*Depreciation and use allowance are means of allocating the cost of fixed assets to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowance.*

The Health Department's contract with MDCH, Part II, Section IV. D. Financial Status Report Submission, requires the Health Department to prepare the FSR in accordance with the Department's FSR instructions and to report total **actual** program expenditures.

Ingham County charges all of their divisions, including the Health Department, rent to recoup space costs. The rent charged to the Health Department for FYE 2013 was based on FYE 2011 actual costs (\$480,435) plus some projected additional costs (\$39,203), a projected cost of a parking lot replacement (\$30,000), and debt service payments (\$169,706). The projected costs were adjusted to actual at year end but total space costs included the unallowable debt service payments and capital improvement project for the renovated parking lot. Allowed "rental costs," however, are limited to the amount that would be allowed had the Health Department owned the property. Direct charges of capital improvements and debt service payments are not allowed expenses.



The actual cost of the parking lot replacement that was allocable to the Health Department was \$56,026. Of that cost, \$2,801 in depreciation is allowable (\$56,026/20 years useful life of the parking lot). And finally, the \$169,706 debt service payments appear unallowable as the Health Department provided no support to evidence any portion of the payment as allowable under the provisions of OMB Circular A-87.

Adjusting entries to reduce space cost to allowable amounts are shown on the attached Statements of MDCH Grant Program Revenues and Expenditures.

### **Recommendation**

We recommend that the Health Department adopt policies and procedures to ensure space cost charges comply with Federal cost principles and MDCH agreement requirements.

### **Finding**

#### **5. Capital Improvement Project Directly Expensed to Family Planning**

The Health Department directly expensed a capital improvement project to the Family Planning Program rather than reporting a depreciation amount as required by OMB Circular A-87.

According to OMB Circular A-87, Appendix B, Section 15.b.(3):

*Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost, except with the prior approval of the awarding agency.*

OMB Circular A-87, Appendix B, Section 11.a. provides for the means of receiving compensation for the use of fixed assets, which is through depreciation or use allowances as follows:

*Depreciation and use allowance are means of allocating the cost of fixed assets to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances*

The Health Department renovated the bathroom in the Women's Health clinic. The total cost of the renovation project was \$10,474 and it was fully expensed with 26% being allocated to the Family Planning Program. The project should have been capitalized and depreciated over its useful life of 20 years. Of the \$10,474 cost, only \$524 is allowed to be expensed for depreciation per year, of which \$136 is allocable to the Family Planning Program.

Adjusting entries are shown on the attached Statement of MDCH Grant Program Revenues and Expenditures.

## **Recommendation**

We recommend that the Health Department adopt policies and procedures to ensure all capital projects are properly capitalized and depreciated if not approved as a direct expenditure by MDCH.

## **Finding**

### **6. Internal Service Fund Working Capital Reserves Exceeds Allowable Amount**

An Ingham County Internal Service Fund (Inter-Governmental Services) had working capital reserves that exceeded the allowable amount established by OMB Circular A-87 as of December 31, 2012.

Ingham County charges most Ingham County Departments (including the Health Department) for numerous expenses using internal service funds. The funds are used to finance the cost of providing numerous services for their departments. Based on the December 31, 2012 financial statements, the County had accumulated an excess balance for one of their internal service funds.

OMB Circular A-87 (located at 2 CFR Part 225), Appendix C, Sections G. 3. and G. 4. require comparisons of the charges to the actual allowable costs, and adjustments by one of several methods. Additionally, OMB Circular A-87, Appendix C, Section G. 2., allows for the establishment and maintenance of a reasonable level of working capital reserve for internal service funds. According to OMB Circular A-87, a working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable.

According to Ingham County's Combining Statement of Revenues, Expenses and Changes in Fund Net Position for the Year Ended December 31, 2012, cash expenses were \$299,822 for the Inter-Governmental Services Fund. The 60 day cash expenditure limit for the Inter-Governmental Services Fund is \$49,970. The net position as of December 31, 2012 for the Inter-Governmental Services Fund was \$415,740. Accordingly, the working capital reserves exceeded the allowable amount for the Inter-Governmental Services Fund by \$365,770. Reductions are needed to achieve compliance with OMB Circular A-87.

## **Recommendation**

We recommend that Ingham County devise a plan to ensure the Internal Service Fund working capital reserves are reduced to the allowable limit (60 days cash expenses) by FYE 2015 by either cash refunds or adjustments to future billing rates/allocations.

## **Finding**

### **7. Unacceptable Method of Allocating Salaries and Wages (Repeat)**

The Health Department did not properly document and allocate employees' salaries and wages for employees working on multiple activities in accordance with OMB Circular A-87.

According to OMB Circular A-87, Appendix B, Section 8.h.:

- (3) *Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification...*
- (4) *Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5)...unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency...*
- (5) *Personnel activity reports or equivalent documentation must meet the following standards:*
  - (a) *They must reflect an after the fact distribution of the actual activity of each employee,*
  - (b) *They must account for the total activity for which each employee is compensated,*
  - (c) *They must be prepared at least monthly and must coincide with one or more pay periods, and*
  - (d) *They must be signed by the employee.*
  - (e) *Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.*

The Health Department has two programs in the same clinic (Women's Health and Family Planning). Most expenses, including salaries and wages, were allocated at 74% to Women's Health and 26% to Family Planning based on encounters. No personnel activity reports are maintained by the Health Department. Additionally, this substitute system has not been approved by the cognizant Federal agency or MDCH. This was also cited in the FYE 2011 MDCH Audit Report. The planned corrective action was to institute procedures to comply with OMB Circular A-87 by January 1, 2013, but this did not occur.

Additionally, we noted that the Health Department distributed salaries of two employees among two programs (WIC and WIC Breastfeeding) without the required supporting documentation that meets the standards in OMB Circular A-87. The Health Department books all WIC and WIC Breastfeeding expenses to one cost center and does not require their employees to document time spent on the WIC Breastfeeding Program. Therefore, there is no way to determine how much time was spent on WIC vs. WIC Breastfeeding and the appropriate amount to report on the FYE 2013 FSR. For one employee, the Health Department moved 100% of her salaries and fringes to WIC Breastfeeding. Her timesheet did not indicate that she spent any time on WIC Breastfeeding. For the other employee, the Health Department allocated 2 hours per pay period from WIC to WIC Breastfeeding.

### **Recommendation**

We recommend that the Health Department implement policies and procedures to ensure that all salary and wage distributions are supported by personnel activity reports or equivalent documentation which meets the standards in OMB Circular A-87.

### **MDCH SHARES OF COST AND BALANCE DUE**

**Objective 3:** To determine the MDCH shares of cost for the Family Planning Program and WIC Program in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Health Department.

**Conclusion:** The MDCH obligations for fiscal year ended September 30, 2013 are as follows: Family Planning Program is \$383,604; WIC Program is \$1,195,132; and WIC Breastfeeding Program is \$56,500. The attached Statements of MDCH Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments affecting MDCH funding.

**Ingham County Health Department**  
**WIC Program**  
**Statement of MDCH Grant Program Revenues and Expenditures**  
**10/1/12 - 9/30/13**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$1,195,132	\$1,195,132 <b>1</b>	\$0	\$1,195,132
Fees & Collections – 3 <sup>rd</sup> Party	\$40,000	\$41,331	\$0	\$41,331
Local Funds	\$20,025	\$15,347	\$32,168	\$47,515
<b>TOTAL REVENUES</b>	<b>\$1,255,157</b>	<b>\$1,251,810</b>	<b>\$32,168</b>	<b>\$1,283,978</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$721,515	\$704,684	(\$32,297) <b>2</b>	\$672,387
Fringe Benefits	\$349,552	\$315,902	\$30,141 <b>2</b>	\$346,043
Supplies	\$25,967	\$18,829	\$0	\$18,829
Travel	\$4,444	\$10,211	\$0	\$10,211
Communications	\$8,346	\$7,269	\$0	\$7,269
Space Cost	\$47,919	\$48,842	(\$14,357) <b>3</b>	\$34,485
Other Expenses	\$5,082	\$5,130	\$31,672 <b>2</b>	\$36,802
Admin Overhead	\$156,804	\$140,943	\$17,009 <b>4</b>	\$157,952
Billing/Reporting CHC Allocation	(\$64,472)	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$1,255,157</b>	<b>\$1,251,810</b>	<b>\$32,168</b>	<b>\$1,283,978</b>

**1** Actual MDCH payments provided on a performance reimbursement basis.

**2** FSR reporting errors (Finding #3)

**3** Overstated Space Costs (Finding #4)

**4** Indirect costs were understated due to the early due date for the WIC FSR

**Ingham County Health Department**  
**WIC Breastfeeding/Peer Counseling Program**  
**Statement of MDCH Grant Program Revenues and Expenditures**  
**10/1/12 - 9/30/13**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$56,500	\$56,500 <b>1</b>	\$0	\$56,500
Fees 1 <sup>st</sup> & 2 <sup>nd</sup> Party	\$0	\$0	\$0	\$0
Fees & Collections – 3 <sup>rd</sup> Party	\$0	\$0	\$0	\$0
Local Funds	\$2,271	\$189	\$706	\$895
<b>TOTAL REVENUES</b>	<b>\$58,771</b>	<b>\$56,689</b>	<b>\$706</b>	<b>\$57,395</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$31,295	\$32,064	(\$1,470) <b>3</b>	\$30,594
Fringe Benefits	\$16,237	\$16,149	\$1,371 <b>3</b>	\$17,520
Supplies	\$2,829	\$853	\$0	\$853
Travel	\$500	\$627	\$0	\$627
Communications	\$525	\$302	\$0	\$302
Other Expenses	\$426	\$36	\$0	\$36
Admin Overhead	\$6,959	\$6,658	\$805 <b>2</b>	\$7,463
<b>TOTAL EXPENDITURES</b>	<b>\$58,771</b>	<b>\$56,689</b>	<b>\$706</b>	<b>\$57,395</b>

**1** Actual MDCH payments provided on a performance reimbursement basis.

**2** Indirect costs were understated due to the early due date for the WIC FSR

**3** FSR Reporting Errors (Finding #3)

**Ingham County Health Department  
Family Planning Program  
Statement of MDCH Grant Program Revenues and Expenditures  
10/1/12 - 9/30/13**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDCH Grant	\$383,604	\$383,604 <b>1</b>	\$0	\$383,604
Fees 1 <sup>st</sup> & 2 <sup>nd</sup> Party	\$3,028	\$1,262	\$0	\$1,262
Fees & Collections – 3 <sup>rd</sup> Party	\$894,653	\$149,257	\$0	\$149,257
Local Funds	\$119,363	\$110,363	(\$7,446)	\$102,917
<b>TOTAL REVENUES</b>	<b>\$1,400,732</b>	<b>\$644,486</b>	<b>(\$7,446)</b>	<b>\$637,040</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$595,179	\$276,286	\$0	\$276,286
Fringe Benefits	\$261,891	\$107,688	\$0	\$107,688
Supplies	\$181,405	\$78,493	\$0	\$78,493
Travel	\$4,300	\$660	\$0	\$660
Communications	\$4,820	\$2,580	\$0	\$2,580
Space Cost	\$37,072	\$18,162	(\$4,859) <b>2</b>	\$13,303
Other Expenses	\$66,590	\$34,991	(\$2,587) <b>3</b>	\$32,404
Admin Overhead	\$125,475	\$59,516	\$0	\$59,516
Billing/Reporting CHC Allocation	\$124,000	\$66,110	\$0	\$66,110
<b>TOTAL EXPENDITURES</b>	<b>\$1,400,732</b>	<b>\$644,486</b>	<b>(\$7,446)</b>	<b>\$637,040</b>

**1** Actual MDCH payments provided on a performance reimbursement basis.

**2** Overstated Space Costs (Finding #4).

**3** Family Planning share of unallowable bathroom renovation costs (Finding #5).

## Corrective Action Plan

**Finding Number:** 1

**Page Reference:** 3

**Finding:** **Lack of a Recent Cost Analysis for Establishing Family Planning Program Fees**

The Health Department did not use a recent cost analysis to develop their fee schedule for Family Planning Program Services.

**Recommendation:** Conduct a cost analysis at least once every three years, and use the analysis to establish fees to ensure recovery of the reasonable costs of providing services.

**Comments:** The Health Department agrees with this finding.

**Corrective Action:** The Health Department will conduct a cost analysis and establish fees based on the analysis. The Health Department is looking into the possibility of working with an outside company to assist in the analysis.

**Anticipated  
Completion Date:** January 1, 2015

**MDCH Response:** MDCH's Family Planning Program area is currently in the process of updating the MDCH Title X Family Planning Program Standards and Guidelines. The requirement to establish a "schedule of fees designed to recover the reasonable cost of providing services" will remain since this is a Federal regulation. However, MDCH is contemplating the direction on this matter. Accordingly, before taking any drastic measures to comply with the current cost analysis requirement, you should consider holding off until the revised Standards and Guidelines are provided.



## Corrective Action Plan

**Finding Number:** 2

**Page Reference:** 3

**Finding:** Not Charging Family Planning Clients According to the Sliding Fee Scale

The Health Department did not always charge their clients according to the sliding fee scale as required by Title X.

**Recommendation:** Provide training to employees on charging clients appropriately according to the sliding fee scale, and implement review procedures to ensure compliance.

**Comments:** The Health Department agrees with this finding.

**Corrective Action:** Training and re-training of staff was implemented as soon as the deficiency was recognized. A review process will be implemented to ensure the training is being followed.

**Anticipated  
Completion Date:** September 2, 2014

**MDCH Response:** None

## Corrective Action Plan

**Finding Number:** 3

**Page Reference:** 4

**Finding:** **WIC Financial Status Report (FSR) Reporting Errors**

The Health Department did not include all of their final expenses on the WIC FSR, did not include a salary offset on the WIC FSR, and misclassified costs on the WIC FSR.

**Recommendation:** Adopt policies and procedures to ensure compliance with the MDCH Contract and accurately report total actual costs on the FSR.

**Comments:** The Health Department agrees with this finding.

**Corrective Action:** The Health Department will review procedures regarding completing the FSR and will provide training and re-training to comply with requirements.

**Anticipated  
Completion Date:** September 30, 2014

**MDCH Response:** None

## Corrective Action Plan

**Finding Number:** 4

**Page Reference:** 5

**Finding:** Overstated Space Costs

The Health Department's rental payments to the County include unallowable costs.

**Recommendation:** Adopt policies and procedures to ensure space cost charges comply with Federal cost principles and MDCH agreement requirements.

**Comments:** The Health Department agrees with this finding.

**Corrective Action:** Procedures for the exclusion of debt service payments and capital improvement projects on FSRs will be implemented.

**Anticipated  
Completion Date:** September 30, 2014

**MDCH Response:** None

## Corrective Action Plan

**Finding Number:** 5

**Page Reference:** 6

**Finding:** Capital Improvement Project Directly Expensed to Family Planning

The Health Department directly expensed a capital improvement project to the Family Planning Program rather than reporting a depreciation amount as required by OMB Circular A-87.

**Recommendation:** Adopt policies and procedures to ensure all capital projects are properly capitalized and depreciated if not approved as a direct expenditure by MDCH.

**Comments:** The Health Department agrees with this finding.

**Corrective Action:** The Health Department will establish procedures which identify such costs and categorize them appropriately.

**Anticipated  
Completion Date:** Immediately

**MDCH Response:** None

## Corrective Action Plan

**Finding Number:** 6

**Page Reference:** 7

**Finding:** **Internal Service Fund Working Capital Reserves Exceeds Allowable Amount**

An Ingham County Internal Service Fund (Inter-Governmental Services) had working capital reserves that exceeded the allowable amount established by OMB Circular A-87 as of December 31, 2012.

**Recommendation:** Devise a plan to ensure the Internal Service Fund working capital reserves are reduced to the allowable limit (60 days cash expenses) by FYE 2015 by either cash refunds or adjustments to future billing rates/allocations.

**Comments:** The Health Department agrees with this finding.

**Corrective Action:** The County was aware of the excess fund balance in the Intergovernmental Fund as of 12/31/12 and reduced the rates in 2013 in an attempt lower this balance. These lower rates have continued into 2014.

**Anticipated Completion Date:** Implemented

**MDCH Response:** None

## Corrective Action Plan

**Finding Number:** 7

**Page Reference:** 7

**Finding:** **Unacceptable Method of Allocating Salaries and Wages (Repeat)**

The Health Department did not properly document and allocate employees' salaries and wages for employees working on multiple activities in accordance with OMB Circular A-87.

**Recommendation:** Implement policies and procedures to ensure that all salary and wage distributions are supported by personnel activity reports or equivalent documentation which meets the standards in OMB Circular A-87.

**Comments:** The Health Department agrees with the finding.

**Corrective Action:** Ingham County Health Department will implement procedures by which employees' work hours, among different programs, will be documented on employees' time cards.

**Anticipated  
Completion Date:** September 1, 2014

**MDCH Response:** None